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November 16, 2017

Subject: Water Rate Proposal for 2018

Dear Valued Water Customer,

Contra Costa Water District (CCWD) is undertaking its annual review of your rates and charges that support the delivery of safe and reliable water to your home or business. CCWD projects the need for higher charges due to increasing costs for new state mandated directives, to continue maintaining a vast and sophisticated infrastructure which is aging, and to ensure we recover from the financial impacts of the recent drought. We've gone through a thoughtful and comprehensive 10 year look ahead planning review before proposing rate changes. This is done to ensure all other financial tools available to us are implemented before coming to you with proposed increases in rates and charges. Continuing to provide the reliable service you've come to expect from your public water system is of paramount concern along with keeping up with a responsible level of capital reinvestment. On the reverse side of this letter, you will find details of the proposed adjustments to your water rates and charges that will be presented to the Board of Directors later this year, and at the public hearing planned for January 3, 2018.

Our water rate proposal for 2018 supports the following District priorities:

- **Optimized operations for cost savings:** Operations at the lowest cost possible is a key focus. We've implemented improvements in productivity, which is evidenced by: staffing levels being lower than 20 years ago despite adding over \$1.0 billion in new facilities; paid off and refinanced debt at lower interest rates; and secured grants and other outside funding to lower the need for rate increases.
- **Replace aging water infrastructure:** Many of the facilities in operation, including 886 miles of distribution pipeline, have been providing water service for over 80 years. Reliable water service requires continued and increasing investment in the maintenance and replacement of this aging infrastructure.
- **Responsible financial planning:** To offset the financial impacts of the multi-year drought, CCWD has also used its financial reserves to reduce the effect of rate adjustments to our customers. The proposed revenue increase will assist in rebuilding these safety nets and ensure long-term financial sustainability.

CCWD takes pride in being a leading water agency and providing our customers with safe and reliable water service. This requires an investment to keep the system functioning properly, balanced with continued cost savings through improvements and innovations. After considering cost reductions, reinvestment needs, reserve use and non-rate revenue sources, the proposed revenue adjustment needed results in an increase for an average single-family residential customer using 260 gallons per day of \$3.51 per month.

Please take some time to understand the details of this proposal. You can find more information on our website (www.ccwater.com/rates) or by calling us at (925) 688-8044 during normal business hours. Thank you for your time and your support in improving our public water system.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Brown", written over a white background.

Jerry Brown
General Manager

NOTICE OF PUBLIC HEARING

Contra Costa Water District (CCWD) wishes to notify you of a Public Hearing to consider proposed water rate/charge adjustments. **The Public Hearing will be held on Wednesday, January 3, 2018 at 6:30 p.m. at 1331 Concord Avenue, Concord, CA in the Board Room.** Following the Public Hearing, the Board will consider the adoption of the proposed rate/charge adjustments. **Any changes to rates and charges will become effective February 1, 2018.**

Water rates pay for the safe, high quality, and reliable delivery of water to all CCWD customers. Water rate/charge adjustments **generating up to a 6% revenue increase** are proposed to meet increasing costs of operational and maintenance expenses, and capital improvements to aging facilities including repairing, refurbishing, and replacing pipelines, pump stations, and water treatment plants. The water rate adjustments enable CCWD to maintain the expected level of service and a responsible level of capital infrastructure investment and financial reserves.

CCWD is proposing the increase be applied to the quantity charge and the daily service and demand charge as shown in the table below.

Water Charges	Current Charge	Proposed Charge
Quantity Charge per hundred cubic feet (748 gallons)	\$3.9074	\$4.2225
Daily Service and Demand Charge ¹	\$0.5938	\$0.6057
Excess Use Charge per hundred cubic feet ²	\$3.9074	\$4.2225

¹Represents the charge for a 5/8-inch meter; charges for larger meters are proportionate to size as generally described in Chapter 5.12 of CCWD's Code of Regulations.

²Only applied to the quantity of water that exceeds 1,000 gallons per day or 2013 baseline usage, whichever is higher. This charge is in addition to the Quantity Charge.

The proposed changes would equate to an increase of **\$3.51 per month** for the average single-family residential customer in the CCWD service area using 260 gallons per day.

Average Single-Family Residential Customer, Using 260 gallons per day (10 HCF)				
	Current Charges	Proposed Charges	Difference (\$)	Difference (%)
Total Monthly Bill ³	\$58.62	\$62.13	\$3.51	6%

³The monthly bill is calculated based on a 5/8-inch meter and energy zone 1.

Public comments and written protests may be submitted to CCWD prior to and at the public hearing on January 3, 2018. Written protests must include identification of the affected property (either by assessor's parcel number, street address, or account number). Only one protest per parcel or street address will be counted. Send or deliver written protests to: Contra Costa Water District, 1331 Concord Avenue, Concord, CA 94520.

For further information on the proposed water rate/charge adjustments or to review the CCWD's Code of Regulations regarding rates, please visit www.ccwater.com/rates or call Customer Service at (925) 688-8044.